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Message Text

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43
ACTION OPIC-06

INFO OCT-01 EUR-12 ISO-00 EB-07 COME-00 L-03 /029 W
---------- 011042
R 091600Z APR 76
FM AMEMBASSY NICOSIA
TO SECSTATE WASHDC 3322

UNCLAS NICOSIA 0928

E.O. 11652: N/A
TAGS: EINV, CY
SUBJ: POLITICAL RISK CONVERTIBILITY INSURANCE (OPIC)

REF: STATE A-1424

1. PRESENT GOC EXCHANGE CONTROL REGULATIONS PERMIT UNRESTRICTED TRANSFER (REPATRIATION) OF PROFITS BOTH ON FOREIGN INVESTMENTS AND LICENSING AGREEMENTS. ALL SUCH INVESTMENTS AND AGREEMENTS REQUIRE PRIOR APPROVAL OF CENTRAL BANK AND GOC MIN OF COMMERCE BEFORE THEY CAN BECOME LEGAL ARRANGEMENTS.

2. EMBASSY HAS CONTACTED VARIOUS U.S. COMMERCIAL INTERESTS TO VERIFY EXPERIENCES IN CONVERTIBILITY AND REPATRIATION OF FUNDS TO U.S. DOLLARS. LOCAL SOFT DRINK FIRM LEASING FMC EQUIPMENT CLAIMS MAXIMUM OF THREE WEEKS FOR PAYMENT OF LEASE TERMS. MOBIL REMITTANCE OF PROFITS (DONE ONCE A YEAR) TAKES ABOUT TWO DAYS. ESSO INFORMS US PROFITS CLEAR CENTRAL BANK IN TWO TO THREE DAYS BUT DOCUMENTS ON PAYMENT FOR PRODUCTS (CRUDE) MAY TAKE UP TO TEN DAYS UNLESS SPECIAL REQUEST IS MADE TO ACCELERATE CLEARANCE PROCESS. LOCAL FIRM LEASING U.S. BOX-MAKING MACHINERY CLAIMS PAYMENT OF LEASE RENTAL TAKES TWO TO THREE DAYS. COCA-COLA INFORMS US THEIR INVOICES CLEAR THE BANK IN THREE TO FOUR DAYS DEPENDING ON THE BANK'S WORK LOAD AT THE TIME.

3. WE FOUND NO EVIDENCE THAT INCREASE IN F/X COSTS OF OIL IMPORTS HAS HAD EFFECT ON CONVERTIBILITY PERIOD OF TRANSFER OF FUNDS.

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4. CENTRAL BANK CURRENCY TRANSFER PROCEDURE IS EFFICIENT

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AND SWIFT. CREDIBILITY OF FIRM WHOSE PAPERS ARE BEING
PROCESSED INFLUENCES CENTRAL BANK'S HANDLING. LESS WELL-
KNOWN COMPANIES HAVE THEIR DOCUEMTNS CHECKED MORE CLOSELY
THAN LARGE ESTABLISHED COMPANIES OR COMPANIES WHOSE
BOOKS ARE CHECKED BY WELL-KNOWN AUDITORS. BANK LOOKS
ESPECIALLY TO SEE THAT CHARGES AND INVOICES ARE NOT
INFLATED AND THAT COMPANIES TAKE PROFITS OUT AND NOT
CAPITAL (DISINVESTMENT). PAYMENT FOR OUTSIDE SERVICE
CHARGES (SUCH AS COSTS OF SPEICAL AUDITS OR CONSULTANT FEES
CONDUCTED BY NON-CYPRIOT FIRMS) ARE CAREFULLY REVIEWED.
CRAWFORD

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